The effective and efficient management school fees: Implications for the provision of quality education[A1][A2]

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Abstract

The Amended National Norms and Standards for School Funding (ANNSSF) policy of 2006 introduced a funding model to address equity in public schooling. Schools are ranked into one of five quintiles of which quintile 1 represents the poorest schools and quintile 5 the most affluent. The ANNSSF policy proposes that the state provide more funding for recurrent resources to poorer schools (quintiles 1, 2 and 3) than to quintiles 4 and 5 schools. Since affluent schools receive reduced state funding, school governing bodies (SGBs) are obliged to supplement state funding if they wish to continue providing quality education and improving learner achievement. Although intensive fundraising initiatives and sponsorships are viable solutions, the declining South African economy has prompted corporates to apply austerity measures such as limiting sponsorships to schools. Thus, SGBs are compelled to charge parents school fees as a means of supplementing state subsidies. In the study reported on here, we used qualitative research with an interpretivist paradigm to explore how SGBs manage school fees to sustain the provision of quality education. The findings reveal that, if school fees are effectively and efficiently managed, SGBs can continue employing additional staff above the post provisioning norms, reduce class sizes and procure state-of-the-art resources, resulting in high learner achievement.

Keywords: budgets; class size; management; school fee exemptions; school fees; teacher-learner ratio

Introduction and Background to the Study

Globally, many emerging economies are facing slow growth and a downward trend in the economy, thus causing many governments to apply austerity measures to cut back on funding of public schools. This has resulted in many schools functioning below par (Odden, 2001). This paper thus has significance for policymakers and school managers of developing countries that authorise school fees as a measure of financing public schools. In this study we explored the role of SGBs in managing school fees effectively and efficiently for the provision of quality education.

Since 1994, the government's educational reforms focussed on access, equity, redress and quality amid an extensive legislative, policy and regulatory framework that ensures learners' access to basic education (Veriava, Thom & Hodgson, 2017). To redress historical imbalances and achieve equity were central policy components in attempts to restructure South African education (Motala & Pampallis, 2002). Government has committed to apportioning a large share of the national budget to education, resulting in increased spending to restore inequalities in public school education. However, government inevitably faces serious budgetary constraints. South Africa continues to confront a challenging economic environment in which global growth is slowing and tax revenues have significantly underperformed. Moreover, Fleisch (2002) explains, the education expenditure takes up to 24% of the country's total expenditure and over 7% of the gross national product (GNP).

According to the South African Schools Act (hereafter referred to as Schools Act) (Republic of South Africa, 1996: section 34), the state must fund education from public revenue on an equitable basis, in order to ensure access of learners to education, and to redress past inequalities in education provision. Due to a progressive weakening of the South African economy, the government is unable to make available sufficient funding to all public schools. To partly alleviate the financial burden of the state, the ANNSSF regulations (Department of Education [DoE], 2006a) came into effect. The ANNSSF regulations provide government with a means of achieving redress and equity in public school funding with the view of gradually improving the quality of school education. This pro-poor policy advocates that 60% of the funds for recurrent, non-personnel expenditure should be distributed to 40% of the poorest schools. This ANNSSF policy provides a statutory basis for funding schools by ranking them into wealth quintiles and subsidising them accordingly. This means that schools serving poorer communities should receive more state funding than schools serving affluent communities. Poorer schools are classified as quintile 1, 2 and 3 schools and affluent schools are ranked quintile 4 and 5 schools. Since

2008, schools have been ranked according to an income dependency ratio (unemployment rate) and level of education (literacy rate) of the school's surrounding community (DoE, 2003, 2006a). Essentially this means that quintile 1, 2 and 3 schools (referred to as no-fee schools) receive for non-personnel, resource allocation budget about seven times more than affluent schools.

Marishane and Botha (2004) and Mestry and Bisschoff (2009) assert that the Schools Act decentralises the management of funds to SGBs of public schools. SGBs comprise of principals, parents, teachers, non-teaching staff and learners in secondary schools. Delegating all functions of financial management with decision-making powers to SGBs is an important approach aimed at school effectiveness (Marishane, 2003). According to the Schools Act (section 36), provision is made for SGBs to take all reasonable measures within its means to supplement resources supplied by the state. Section 43 makes it mandatory for an SGB to manage the school's funds by, among other matters, opening and operating a bank account in the name of the school, and setting up sub-committees such as a finance committee to assist the SGB manage the schools' funds.

The SGBs of quintile 4 and 5 schools are thus compelled to find other sources of revenue to provide and sustain quality education for all learners. While fundraising initiatives and sponsorships are viable options of increasing schools' coffers, the weakening of the South African economy has forced many corporates to curtail funding to schools, thus negatively impacting on the provision of quality education (United Nations Education Scientific and Cultural Organisation [UNESCO], 2013).

The Schools Act makes provision for SGBs to charge parents school (user) fees. These schools, referred to as fee-paying schools, depend largely on parents' contribution to schools' funds. It is thus crucial for SGBs of fee-paying schools to manage school fees effectively and efficiently. The research question is thus encapsulated as: *How do SGBs of fee-paying schools manage school fees so that quality education is provided and sustained?*

Rationale for the Study

The cost of providing quality education has escalated over the years and SGBs experience serious problems in supplementing funds provided by the state. The general aim of the study was to establish how SGBs of fee-paying schools manage school fees charged to parents. The objectives of the study were formulated as follows:

- To determine the nature and essence of the management of school fees.
- To explore principals' perceptions and experiences of how SGBs manage school fees.

Literature Review: The Management of School Fees

World Bank and The United Nations Children's Fund (UNICEF) the launched a global school fee abolition initiative that advanced efforts to ensure access of all children, especially the poor, to quality basic education (2009:1). Experience in many countries shows that the household costs of schooling are a major barrier that prevent children from accessing and completing quality basic education. The above-mentioned organisations support policies to remove education cost barriers to parents and households. Roithmayr (2002) opposes the introduction of a school fee system in South African public-school education. She claims that charging school fees may infringe on three principles of constitutional rights: the right to access basic education; the right to an adequate basic education; and the right to an equal basic education. According to studies cited (Porteus, Clacherty, Mdiya, Pelo, Matsai, Qwabe & Donald, 2000[A3][A4]), Roithmayr (2002) avers that many children are out of school because parents are unable to pay school fees. Essentially, she claims that the abolishment of a user fee system in public schools will facilitate the attainment of these constitutionally-mandated goals.

However, in response to Roithmayr's views Fleisch and Woolman (2004) maintain that school fees do not constitute a significant barrier to access to education, and can therefore not be causally linked to inadequate basic education, if eradicated. They argue that school fees may be needed to ensure the progressive realisation of equality, quality and accessibility in public schools. They cite empirical studies to show that fees were not the only reason why children were out of school, but that other factors such as deep poverty, lack of family structure, stability and support, residential mobility, illness, learning barriers and temperament, and community violence also play a role (see Fiske & Ladd, 2002[A5][A6]). Sayed and Motala (2012) elucidate that there are two reasons for schools to charge school fees: on the one hand, the perceived fear of a middle-class (and mainly white) flight from the public education system. Allowing schools to charge fees would presumably maintain quality, thus persuading the middle-class to have a stake in the public education system. On the other hand, charging fees schools would enable those who are able to afford it to pay for better education, releasing state resources for poor schools. South Africa's decision to adopt a semi-market approach to schooling and to permit fees was made in an international context of burgeoning opposition to such fees (Sayed & Motala, 2012). I concur with the views espoused by the above scholars that SGBs charging school fees as a means of supplementing state subsidies will invariably improve learner performance and raise educational standards of schools.

The current financial climate in South Africa has shifted the responsibility for financing education to parent communities (Van Wyk, 2007). Consequently, schools need to charge parents a school fee to supplement state funding if schools wish to continue providing and sustaining quality education for its learners (Rechovsky, 2006). This primary source of revenue is administered and managed by SGBs comprising of parents, principals, teachers, non-teaching staff and learners in secondary schools. Principals play a dual role: they represent the Head of Education as ex-officio; and serve as members of SGBs. To provide quality education and improve learner performance, it is incumbent for SGBs to manage school funds effectively and efficiently. For the purpose of this paper, the financial functions of SGBs are limited to the management of school fees.

The Schools Act (section 39) makes provision for parents to pay school fees for learners attending public schools. According to a circular issued by the Department of Basic Education, Republic of South Africa (2019), a school fee is an agreed amount of money that parents pay to schools aimed at improving the quality of education of learners. Regulations on school fees forbid the inclusion of registration and administration fees in the fee structure. Also, schools may not charge fees for learners choosing additional subjects from the school programme (Laldas, 2018).

In terms of section 30 of the Schools Act, a finance committee (a sub-committee of an SGB) can be set up to assist with multifarious financial functions of managing school fees. The chairperson of the finance committee must be a member of the SGB, and in terms of the Basic Education Laws Amendment Act (The Presidency, Republic of South Africa, 2011), principals must serve as ordinary members on the finance committee (hereafter referred to as the FinCom). The SGB is required to develop and implement a watertight finance policy which includes the management of school fees. Using a distributive leadership style, an SGB may delegate important financial functions to the FinCom, such as drawing up the annual budget, determining annual school fees, preparing regular school fee reconciliation statements and a monthly debtors schedule, arranging for regular internal audits, and drawing up a detailed report for the SGB. However, all decisions taken by the FinCom must be ratified at SGB meetings. While the FinCom takes responsibility for some or most of the financial functions, the SGB still remains accountable for school finances.

The FinCom may also delegate certain administrative functions to finance officers who are employed specifically to manage school’s fees, such as maintaining all financial records, including fee exemptions. Most schools invest in sophisticated software programmes that perform almost all financial functions assigned to finance officers.

The process of determining school fees is clearly outlined in the finance policy. Once a budget is finalised, usually in October of the preceding year, FinCom presents it for ratification at a joint meeting with the SGB, and thereafter presented at an annual general meeting (AGM) of parents for deliberation and approval. School fees for the next financial year are determined and levied only if a resolution is adopted by the majority of parents at the AGM.

The SGB’s financial responsibility also entails granting fee exemptions, recovering outstanding debts, monitoring and controlling fees, and preparing and implementing the budget. Parents are exempted from paying partial or full fees in terms of the Schools Act (section 49(1)). The exemption mechanism is put in place to ensure learner access to quality education, irrespective of their parents’ socioeconomic status. In terms of sections 39(4) and 61 of the Schools Act, the Minister of Education passed the *Regulations relating to School Fee Exemptions* (DoE, Republic of South Africa, 2006b). It provides equitable criteria and procedures for granting exemptions to parents who are unable to pay school fees. These regulations make it obligatory for fee-paying public schools to inform all parents of the criteria and procedures to apply for exemptions. If parents meet the criteria, they may apply in writing to the SGB for conditional, partial, or full exemptions.

The FinCom and SGB consider all applications for exemption and reply to parents in writing on the outcome of their application within fourteen days. A predetermined formula and a table (DoE, Republic of South Africa, 2006b) are used to determine whether parents are granted any exemption, or whether they are entitled to partial or full exemption. Factors such as the amount of school fees per learner, the parents' income, and the number of children (irrespective of which fee-paying school the children attend) are built into the formula for granting an exemption. The regulations also make provision for automatic exemptions to persons responsible for children placed in foster homes, youth care centres, and orphanages, or persons who receive social grants on behalf of children.

If parents are not satisfied with the SGBs decisions related to full or partial exemption, they may appeal to the Head of Department against the decision of the school within 30 days. Public schools may not exclude learners from participating in any official school programmes due to non-payment of school fees nor may they retain a learner's report because the parent cannot afford to pay school fees. The Department of Basic Education has undertaken to reimburse schools that grant exemption to parents. The amount is not fixed and depends on the amount allocated by the Gauteng Department of Education (GDE) for this purpose.

Research Methodology and Design

Qualitative research with an interpretivist paradigm was used to gain a deeper understanding of the perceptions of how principals managed school fees. Reeves and Hedberg (2003) aver that interpretive paradigm is concerned with understanding the world as it is from subjective experiences of individuals. Initially, face-to-face interviews with principals, as a main data-gathering tool were planned to determine the reality of how school fees are managed. However, conditions experienced with the Covid 19 pandemic, subjected the researcher to find alternative methods of collecting data. An open-ended qualitative questionnaire followed by an individual telephone interview, and document analysis were utilised to explore the principals' experiences and perceptions of the management of school fees. The open-ended questionnaire yielded more candid information and distinctive insights (Creswell, 2009). Section A required the biographical details of participants and information of schools, while Section B solicited the opinions and experiences of principals of how school fees are managed. In Section C the schools' financial information from documents such as budgets, cash receipts and cash payments journals, and annual financial statements was required. Information such as the amount of school fees received; total and partial amount of exemptions granted to parents; and the amount of bad debts written off each year were derived from document analysis.

After having received the questionnaires from principals, telephone interviews were conducted. This allowed the researcher to clarify and corroborate pertinent financial information included in documents, and to delve deeper into the participants' initial responses. Merriam (2002) avers that documents of various types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem. It necessitates data to be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008). Various financial documents from the schools were analysed and pertinent information on school fees was extracted.

The sample comprising of three primary school principals, three secondary school principals and one combined school principal were purposefully selected. All seven schools identified by the district director were urban schools located within the Gauteng East district. The sample frame consisted of five former white schools (Model C) and two former Indian schools (House of Delegates). The schools were all fee-paying schools (quintile 4 and 5) that were granted additional financial functions in terms of section 21 of the Schools Act. The secondary schools and combined school had a 100% pass rate in the Senior Certificate Examinations for the past three years while the primary schools achieved a 100% pass rate in the Annual National Assessments for the same period. The SGBs of these schools were functional, and based on the unqualified auditors' reports, it was assumed that the funds in all these schools were effectively and efficiently managed. The participants all had at least three years' experience as principals.

The data were analysed for content using Tesch's method of open coding (Creswell, 2009). Tesch's method provides a systematic approach to the analysis of qualitative data and involves the identification of topics and the use of coding into themes. Two of Lincoln and Guba's (1995) norms of trustworthiness, namely, credibility and transferability (Shenton, 2004), were established. Triangulation and member checks were used to promote confidence that the researcher had accurately recorded the data under investigation (credibility). Transferability was addressed through purposive sampling and through the provision of rich descriptions, which allowed the researcher to gain a proper understanding of the research under investigation. In the study strict ethical requirements were adhered to. Consent was requested from the GDE and principals of the chosen schools. Participants were ensured of their anonymity and were made aware that they could withdraw from the research at any time. To ensure confidentiality no personal information would be revealed without the participants' consent.

Findings

The participants in this study concurred that with marginal state subsidies for recurrent resources, it is incumbent for SGBs to supplement state funding and to manage school fees effectively and efficiently so that schools can continue providing quality education (Brauckmann & Pashiardis, 2011; Mestry, 2006). Most SGB members are committed to their role as governors and make a significant contribution to managing school finances. According to the principal (School 6) "*our SGB members are financially literate*."

Since most of the data collected from schools were similar, only financial information extracted from document analyses of four schools are presented in Tables 1, 2 and 3. Financial records such as cash receipts journals, cash payments journals, admission registers, financial statements and school fees exemption registers were important sources of information.

The following themes emanated from the empirical study.

Theme 1: The Importance of Designing and Implementing an Effective Finance Policy

According to the principals, the first step to managing school fees effectively and efficiently is through the design of a watertight finance policy that must be consistently implemented, that is, under no circumstances should members of the SGB or principal deviate from any section of the policy. They should be fully conversant with the policy which embraces clear structures (e.g. financial duties of the FinCom) and processes (e.g. how fee exemptions are considered and uniformly applied to parents). "*The policy should include all aspects regarding the structure of school fees, methods of payments, process of fee exemptions, outstanding debts and, if necessary, any legal route to recover outstanding fees*" (Principal, School 4). The non-payment or partial payment of fees will inevitably have detrimental consequences for SGBs to effectively implement the budget, and will ultimately result in schools not achieving the set goals.

Theme 2: Determining and Collecting Annual School Fees

The participating principals confirmed that FinComs, in collaboration with SGBs, adhered strictly to the Schools Act (Republic of South Africa, 1996) regarding the drafting and approval of the schools' annual budget in October of the preceding financial year. All schools used the zero-based budgeting approach that required FinComs to collaborate with school management teams (SMT[A7][A8]s), non-teaching staff members and coordinators of various committees (e.g. sports committee) (Van Rooyen, 2012) in establishing schools' needs such as learning and teaching support materials (LTSMs), office equipment, cleaning materials and other essential consumable items. Based on the projected revenue, the finance committee prioritises the needs of the school to draft a master budget (Mestry & Bisschoff, 2009; Van Rooyen, 2012).

Each school has different fee structures based on the needs of the school. The rationale to charge or increase school fees for the next financial year is dependent on whether the projected expenditure as contemplated in the budget is above the projected income. The principal of School 2 conceded that the SGB "*does not strictly follow the process of determining school fees per learner, instead, they merely increase school fees annually citing spiralling inflation as a reason for the increase*." The principals of Schools 5, 6 and 7 argued that a lower fee structure was more likely to attract substantial applications for fee exemptions, or possibly an increase in bad debts. As a counter response, the principals of Schools 1, 2, 3 and 4 indicated that their SGBs placed very strict measures to collect school fees.

Most of the affluent parents have no objections to SGBs increasing school fees provided that their children receive quality education. Subsequently in each school, a resolution by the majority of parents is passed, binding all parents to the new or increased fee structure. Most schools give parents the opportunity of paying the fees in monthly instalments, without charging an interest. Alternatively, parents receive a discount of at least 10% if the full fees are within a specified period (usually before the end of March). The principal of School 4 explains further that "*parents receive a discount if they have two or more children enrolled at the school. The second child receives a discount of 10% and the third, a discount of 20% and so on*."

All the selected schools preferred for parents to pay the fees electronically into the schools' banking account. While most schools discouraged parents to pay the fees manually to dedicated finance officers, these schools provided credit card facilities. At the end of each day, the total fees collected are tallied with the receipts and verified by the accountant (bookkeeper). Most schools follow a policy of depositing the fees collected on a specific day at the end of that day. However, the principal of School 3 explained the process that the SGB followed:

> *We only deposit the fees collected if it reaches R25,000 or more because we insured for R30,000. All records are kept by the bursar and are reconciled by the bookkeeper monthly, who verifies all deposits against the receipt book. The bank statement is then used to compile a bank reconciliation statement. The treasurer and bookkeeper, after verification, present their records to the FinCom monthly. Parents are encouraged to make use of the card machine when paying at school, instead of using cash. A lot of parents make use of this facility. We ensure that all financial records are internally audited at the end of each month to ensure that there is no mismanagement of funds.*

To eliminate mismanagement and misappropriation of school fees collected manually at schools, it is imperative for SGBs to put monitoring and control mechanisms (such as the separation of powers) in place (Mestry & Bisschoff, 2009). Most principals confirmed that they assigned internal auditors to monitor the efficiency of school fees collected.

Theme 3: Exemptions Granted and Bad Debts Written Off

Schools are required by Regulations (DoE, Republic of South Africa, 2006b) to administer school fee exemptions efficiently. The principal of School 4 described the procedure to inform parents:

> *The SGB gives every parent on registration a letter explaining the process of applying for fee exemptions. All the rules are clearly laid out. When registration takes place, the bursar explains the process and parents then sign to agree that they understand the term and conditions of the process. Parents are also reminded via newsletters about exemptions. Every year at the AGM a resolution is taken to allow exemptions for those that qualify and the process is explained on that evening too.*

Since fee-paying schools are reliant on receiving maximum fees from parents, SGBs are compelled to put in place stringent processes to grant fee exemptions. The principal of School 3 explains this process:

Parents visit the bursar to collect the necessary application forms. They then submit the completed form with all the necessary attachments before April each year. In special cases, they can submit after April. Applications can be made only for the current academic year. The applications are then reviewed and verified by the bursar, treasurer and the FinCom. Based on the income of parent/s and the number of children at this school or enrolled at other schools, the formula and the table in the Government Gazette is applied. The parent has to submit proof of income or any other written evidence for them to be eligible for a full or partial exemption.

Although most schools have stringent processes to collect school fees, the financial circumstances of parents can change during the year (e.g. retrenchments or death of a spouse), forcing SGBs to grant exemptions to a significant number of parents who are unable to meet their financial obligations. However, it is perturbing to note that some parents fail to pay fees on time. The principal of School 1 explains the measures taken for non-payment of fees:

Firstly, to encourage payment, monthly statements are issued to all parents via their children at school. Together with this, Short Message Services (SMSs) [A9][A10]*are sent to all debtors (parents owing) by the bursar. Parents that have a history of non-payment, are contacted telephonically by the bursar. We hand over parents who have not made arrangements with the debt collecting agency. Once the due date for school fees is past, the SGB, through the FinCom and debt collection committee (DebtCom) of the SGB, identifies parents owing over a threshold amount and refers them to our legal collectors. In rare cases, a summons is issued. The DebtCom also meets all debtors individually, on a selected day, at the end of the year, just before the issue of the final reports, to encourage parents to pay or apply for exemption or make arrangements to settle over a few months.*

To discourage parents from non-payment of fees, SGBs usually threaten them with legal action. Parents will avoid appearing in court because of the exorbitant cost of legal fees. This threats result in substantial recovery of debts from parents. In the section that follows an analysis of relevant financial documents is provided.

Table 1 reflects subsidies received from the state and income generated from school fees and fundraising initiatives. Funds produced from fundraising events, donations and sponsorships were negligible compared to the amount of school fees collected from parents. Principals explained that most companies, in the wake of a declining economy, adopted austerity measures such as revoking all financial support to educational institutions. Also, there was a trend among parents not to support fundraising events because parents are burdened to support these fundraising initiatives. For example, School 1 and 4 only generated R100,000 from fundraising events. These schools thus survive mainly on the collection of school fees.

Table 1 also depicts the schools' enrolment, which includes the number of learners from feeder schools and those travelling from outside the feeder areas. Invariably SGBs expected that parents, mainly from outside the feeder zones, would apply for partial or full exemption, or simply refuse to pay school fees.

Table 1 School enrolment and sources of income - 2019

Details	School 1	School 2	School 3	School 4
		Enrolment		
Number[A11][A12] (No) of learners	900	970	1,100	980
No. of learners from feeder schools	700	700	350	800
No. of learners who travel from outside the feeder areas	200	270	750	180
School fees per learner per annum	R18,632	R12,500	R7,650	R8,000
		Funds received		
Subsidy received from GDE	R500,000	R500,000	R650,000	R500,000
Amount collected in fundraising	R100,000	R120,000	R300,000	R100,000
Annual amount of school fees collected	R12,500,000	R3,000,000	R3,200,000	R5,800,000
Total funds received	R13,100,000	R3,620,000	R4,150,000	R6,400,000

Table 2 illustrates the amount of fees that were written off and exemptions that were granted to indigent parents. It is observed that many schools suffered severe financial losses due to fee exemptions and non-payment of school fees, and this impact negatively on the provision of quality education.

Although, taking non-compliant parents to court is an easy solution to recover outstanding debts, high legal costs make it unjustifiable. Schools are not allowed to withhold learners' reports or to exclude them from any co-curricular or extra-curricular activities. However, if parents wanted their children enrolled at the same school in the following year, their children would be denied admission unless they settled all outstanding debts.

Table 2 Bad debts and fee exemptions - 2019

Details	School 1	School 2	School 3	School 4
Bad debts and exemptions				
Number of learners	18	10	15	10
Bad debts	R335,376	R125,000	R114,750	R80,000
Number of learners	115	94	81	98
Approximate amount of exemptions	R2,142,680	R1,175,000	R619,650	R784,000
Total funds not recovered	R2,478,056	R1,300,000	R734,400	R864,000

Theme 4: Application of Funds for Additional Section 21 Functions and Additional Staff

Fee-paying schools have the freedom to spend the funds received from school fees, sponsorships and fundraising events provided that it is for educational purposes, and in the best interest of learners. The principal of School 6 explained how school fees are spent:

> *The bulk of the money from school fees is used for curriculum support. Curriculum support takes the form of hiring additional teachers to reduce the learner-teacher ratio, as well as providing for additional tuition in the form of the secondary school intervention programme (SSIP). The intervention programme is targeted at all grades and is part of the academic performance improvement plan (APIP). Other uses of the school fees are for hiring support*

> *staff such as security, cleaning and admin. The school fees also pay for developing sport and extra-curricular activities. Money is also used for machinery, equipment, insurance, communication and legal fees.*

Principal of School 7 added to the above list of expenditure:

> *Our school is a FULL ICT* [Information and Communication Technology] *school and has ICT equipment valued in millions of rand. Twenty-four-hour security is hired – two day shifts with armed response and six evening shifts (rotational every three nights) with armed response. Two administrators are hired to assist in the Library and the office. Three additional gardeners as well as two additional general assistants are hired to maintain the school grounds and some classrooms. School fees pay for additional LTSM required and curriculum needs of different phase (combined school), ICT upgrades, photocopying paper and duplication (ink), office stationery, maintenance of equipment, cleaning material and transport to meetings (fuel) as well as sport and extra-curricular activities.*

The principals indicated that the appointment of additional teachers, repairs and maintenance of school buildings, water and electricity and curriculum support were the most common cost centres to which funds were apportioned. Schools are granted additional functions in terms of section 21 of the Schools Act such as the procurement of LTSM, and payments made in respect of maintenance, repairs, and services. Although SGBs have the financial freedom of selecting suppliers, negotiating discounts and prices, and arranging for deliveries, state subsidies cannot be spent for any unauthorised expenditure such as hiring additional staff (Mestry & Bisschoff, 2009). The recurring resource allocations provided by the GDE to quintiles 4 and 5 schools are marginal, which results in schools being forced to pay the bulk of section 21 functions from school funds. For example, in Table 3, the state subsidised School 1 [A13][A14]with R500,000 but the total expenditure for section 21 functions amounted to R4,000,000. This meant that School A[A15] was compelled to use R3,500,000 from school funds otherwise face court action.

Table 3 Expenditure for additional functions and staff employed

Expenditure	School 1	School 2	School 3	School 4
Amount taken from school funds to pay for additional section 21 functions	R3,500,000	R2,500,000	R350,000	R1,500,000
No. of additional teachers employed	20	16	12	12
Total salary expenditure	R7,000,000	R3,000,000	R3,500,000	R2,400,000
Average Learner-teacher ratio	35:1	34:1	32:1	38:1
Additional Heads of Departments (HODS) and Deputy Principals (DP)	2	1	No	No
Personnel expenditure	R30,000 each	R12,000	-	-
No. of additional administrative staff	4	4	3	2
Total expenditure	R840,000	480,000	R200,000	R420,000
No. of security guards	2	2	Pay security company	1
Total expenditure	R240,000	150,000	R200,000	R36,000
No. of ground staff	5	5	5	3
Total expenditure	R600,000	360,000	R200,000	R360,000

It is evident that for schools to maintain high educational standards and improve learner performances, they have to appoint additional teachers and non-teaching staff above the post provisioning norms determined by the GDE (Van der Berg, 2006). Although the budget for personnel expenditure is massive, the advantages of employing additional staff outweighs the disadvantages: lower teacher-learner ratios (average of 35:1), and smaller class sizes. For SMTs to fully commit to their roles as instructional leaders, some SGBs appoint additional heads of departments and deputy principals and pay them market-related salaries from school funds. Also, SGBs gave teachers and SMTs monetary incentives for exceptional services rendered and going above their call of duty.

To ensure that funds and physical resources were well-managed, SGBs employed additional finance officers at market-related salaries to manage school fees. SGBs invest in good finance software programmes (e.g. Pastel) to capture essential data such as fees collected from parents, fees outstanding, administering fee exemptions and keeping record of potential bad debts. This software programme facilitates an effective management information system that generates information and maintains financial records. The programme is designed to provide immediate information to SGBs so that informed decisions can be made, and also gives pertinent information required by SGBs to provide feedback, to take corrective action, or take the necessary steps to address problems related to school fees. More importantly, additional finance officers are competent in working with sophisticated accounting software programmes. These software programmes manned by well-trained finance officers undoubtedly contribute to the effective and efficient management of school fees.

Although the GDE does not provide funds for school safety, SGBs use school funds to invest in sophisticated security systems such as alarms and safety video cameras and also employ reliable security guards to monitor the school premises on a 24-hour basis. These schools also have comprehensive insurance policies to cover schools from eventual losses arising from vandalism and burglaries. SGBs also employ additional groundsmen to maintain the grounds and gardens.

Discussion

The Schools Act and National Norms and Standards for School Funding (NNSSF) policy has serious financial implications for fee-paying schools. The Schools Act decentralises functions of financial management to SGBs, giving them powers to make important financial decision (Marishane & Botha, 2004; Odden & Clune, 1995). The NNSSF policy is an equity mechanism that provides poorer public schools a larger slice of the educational resource budget than affluent schools (Republic of South Africa, 1998[A16][A17]). Odden (2000) argues that the benchmark of school finances is whether adequate revenues per learner for schools can deploy educational strategies that are successful in educating learners to high performance standards. The equity funding policy subject fee-paying schools to develop new educational goals and strategies to reposition itself to these new demands.

To provide and sustain quality education, SGBs of fee-paying schools are compelled to supplement inadequate state funding by charging school fees, seeking potential donors and sponsors, or opting for fundraising opportunities (Mestry & Bisschoff, 2009). This study focused on the management of school fees as a means of supplementing state funding for recurrent resources. The schools' finance policy formed the bedrock to manage school fees efficiently.

Selected principals assert that the design and implementation of an effective finance (school fee) policy is crucial (Marishane & Botha, 2004). Mestry (2006[A18]) avers that a water-tight school fee policy should clearly define the roles and responsibilities of staff managing school fees; set out clear processes; and develop standards to monitor and control school fees. This policy is an important management tool for SGBs to set goals and objectives, measure progress towards objectives, identify weaknesses or inadequacies, and control and integrate diverse financial activities carried out in schools (Naidoo & Mestry, 2017[A19][A20]). Section 21 of the Schools Act allows schools to be financially autonomous.

All the selected schools applied for additional financial functions in terms of section 21 of the Schools Act (Organisation for Economic Co-operation and Development [OECD], 2008). Although SGBs are required to spend the state's resource allocation according to prescriptions of the provincial head of department, some financial freedom is conferred (Mestry & Bisschoff, 2009; Van Rooyen, 2012). Schools acquiring section 21 functions have the advantage of selecting their own suppliers and can negotiate for better prices and obtain substantial discounts from suppliers. Research reveals that schools that have been granted section 21 functions perform financially sound and high educational standards achieve (Van Wyk, 2007).

Participants explained various measures that were taken to manage school fees efficiently. Parents are in favour of schools increasing fees annually and a resolution is taken by the majority of parents binding them to pay the new fee structure (Republic of South Africa, 1996). The increased fees enable schools to provide quality education by hiring additional staff and procuring adequate educational resources. To achieve these benefits, it is incumbent for SGBs to develop stringent mechanisms to collect most of the school fees from parents. For example, to collect fees efficiently, parents are requested to make electronic payments into the schools' banking account or pay at schools using credit/debit card facilities (Mestry, 2006[A21][A22]). Most fee-paying schools make provision in their budgets to hire additional administrative clerks to attend exclusively to school fees, and to procure software programmes for administrative purposes (Mestry, 2017[A23][A24]). The study revealed how SGBs developed efficient means of collecting school fees (including partial fee exemptions) such as keeping proper financial records and promptly communicating with parents who failed to honour their financial obligations (Van Rooyen, 2012). SGBs were in a predicament when parents failed to pay the fees: Should they resort to legal means or simply write off debts as irrecoverable? Most of the participants indicated that it was cost effective to get debt collectors to recover outstanding fees. However, legal action was taken if parents owed substantial amounts of school fees; and where smaller amounts were owed, accounts were written off.

Principals were unanimous that if school fees were effectively and efficiently managed, learners would receive quality education.

Conclusion

In this paper the researcher aimed to determine how SGBs of fee-paying schools effectively manage school fees collected from parents. Since the state provides insufficient funding to fee-paying (quintile 4 and 5) schools, it is imperative for SGBs to find alternative sources of revenue. Charging parents school fees is one of the more lucrative ways of supplementing inadequate funding provided by the state. It is thus essential for SGBs to manage school fees effectively and efficiently so that quality education is provided to learners. The Schools Act makes provision for SGBs to delegate the financial functions of managing school fees to the FinCom who are financially literate take full responsibility of managing school fees effectively and efficiently. The SGB, in collaboration with relevant role-players, develop and persistently implement a watertight finance policy. The FinCom assists the SGB to manage the collection of school fees, granting exemptions to indigent parents, and recovering outstanding debts. By managing school fees effectively and efficiently, SGBs are able to facilitate the provision of quality education through the employment of additional teachers, resulting in smaller class size and reducing the teacher-learner ratios prescribed by the DoE. Also, the employment of proficient finance officers ensures that all administrative matters relating to school fees are efficient managed. The investment of an advanced accounting software contributes to the efficiency of managing school fees. Although this entails a massive budget, the decision to effectively and efficiently manage school fees has far-reaching consequences for the provision of quality education.

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